

Emergency Management Competency 4.5

Competency 4.5 Emergency management personnel shall demonstrate a familiarity level knowledge of contract management as it relates to emergency management.

1. Supporting Knowledge and/or Skills

- a. Describe the role of emergency management personnel in contractor oversight.
- b. Explain the types of contracts employed by the Department of Energy.
- c. Identify the key elements and features of an effective Department of Energy and operating contractor relationship.
- d. Describe the “accountability rule” and discuss the role it plays in contract management.
- e. Discuss the “fee-based” evaluation process, include the development of performance criteria, conduct of the evaluation, and documentation and transmittal requirements for performance.

2. Self-Study Activities (Corresponding to the Intent of the Above Competency)

Below are two web sites containing many of the references you may need.

Web Sites		
Organization	Site Location	Notes
Department of Energy	http://wastenot.inel.gov/cted/stdguido.html	DOE Standards, Guides, and Orders
U.S. House of Representatives	http://law.house.gov/cfr.htm	Searchable Code of Federal Regulations

Read Sections 901.603-71 of the Department Of Energy Acquisition Regulation (DEAR), Code of Federal Regulations (CFR), Title 48, Chapter 9.

Emergency Management Competency 4.5

Read DEAR subpart 901.b and Chapter 1, DOE Acquisition Guide.

EXERCISE 4.5-A Explain what emergency management personnel (other than contracting officer's representatives) are NOT allowed to do regarding contracts.

EXERCISE 4.5-B Explain what emergency management personnel (other than contracting officer's representatives) are supposed to do regarding contracts.

Review Part 16 of the Federal Acquisition Regulation (FAR).

EXERCISE 4.5-C Using the FAR, list the five primary types of large purchase contracts used by DOE.

EXERCISE 4.5-D Using the FAR, briefly describe each of the five primary types of large purchase contracts used by DOE.

Read Sections 901.6 and 970.7102 of the DEAR, CFR Title 48, Chapter 9. **Read** Chapter 1, *DOE Acquisition Guide*.

EXERCISE 4.5-E Using the DEAR, state the four key elements used by Heads of the Contracting Activity (HCAs) to ensure an effective relationship with management-and-operating contractors.

EXERCISE 4.5-F Using the DEAR, discuss the first step to be taken in the process to ratify an unauthorized commitment.

Read the Summary section below.

Read DEAR Acquisition Letters 95-04 and 95-07, dated April 17, 1995 and July 25, 1995, respectively, Sections 901.6 and 970.7102 of the CFR Title 48, Chapter 9.

EXERCISE 4.5-G Discuss the present and future status of the Performance Measurement Assessment program with local subject-matter experts.

3. Summary

For many years, the Department's approach to conducting Headquarter's oversight of its contracting activities was the Procurement Management Assistance Review (PMAR), which focused primarily on regulatory process compliance and was used to measure the adequacy of the Department's procurement systems from that perspective.

Emergency Management Competency 4.5

However, this assessment method was expensive, time-consuming, and not particularly successful in terms of promoting or encouraging dramatic and sustained improvement in the quality of the Department's procurement activities from a results-oriented perspective.

The Government Performance and Results Act of 1993 and the National Performance Review mandate an outcome-based approach to performance measurement. In response to these directives, the Performance Measurement Assessment program was developed to provide a "balanced scorecard" on a contracting activity's performance. The new assessment mechanism employs a results-oriented approach that pays particular attention to the needs and expectations of customers of the procurement process. This assessment model received its impetus from recent commercial and Federal trends to "find a better way of doing things," and to emphasize results, rather than process. It empowers the procurement organization to continuously make improvements in performance.

As this study guide is being developed, the DOE contracts management process is in transition to the Performance Measurement Assessment system. At the same time, procurement and administrative functions have traditionally been independent of one another, with each Operations Office deferring to its own methods and guidance documents. Due to these issues, the reader should refer to the references listed under Exercise 4.5-G and to site-specific requirement and guidance documents and subject-matter experts.

4. Exercise Solutions

EXERCISE 4.5-A Explain what emergency management personnel (other than contracting officer's representatives) are NOT allowed to do regarding contracts.

ANSWER 4.5-A Personnel who do not have contracting authority may NOT commit the government, formally or informally, to any type of contractual obligation.

EXERCISE 4.5-B Explain what emergency management personnel (other than contracting officer's representatives) are supposed to do regarding contracts.

Emergency Management Competency 4.5

- ANSWER 4.5-B Program personnel who must use the contracting process to accomplish their programs must support the contracting officer in ensuring that:
- Competitive sources are solicited, evaluated, and selected.
 - Quality standards are prescribed and met.
 - Performance or delivery is timely.
 - Prices, estimated costs, and fees are reasonable.
 - Files are documented to substantiate the judgments, decisions, and actions taken..
- EXERCISE 4.5-C Using the FAR, list the five primary types of large purchase contracts used by DOE.
- ANSWER 4.5-C 1. Fixed-price
2. Cost-reimbursement
3. Incentive
4. Indefinite delivery
5. Time-and-materials
- EXERCISE 4.5-D Using the FAR, briefly describe each of the five primary types of large purchase contracts used by DOE.
- ANSWER 4.5-D Fixed-price: Provides for a firm price or, in appropriate cases, an adjustable price.
- Cost-reimbursement: Provides for payment of allowable incurred costs, to the extent prescribed in the contract.
- Incentive: Is used when a fixed-price contract is not appropriate and the required supplies or services can be acquired at lower costs and, in certain instances, with improved delivery or technical performance, by relating the amount of profit or fee payable under the contract to the contractor's performance.
- Indefinite delivery: Is used when the exact times and/or quantities of future deliveries are not known at the time of contract award.
- Time-and-materials: Provides for acquiring supplies or services on the basis of (1) direct labor hours at specified fixed hourly rates that include wages, overhead, general and administrative expenses, and profit and (2) materials at cost, including, if appropriate, material handling costs as part of material costs.

Emergency Management Competency 4.5

EXERCISE 4.5-E Using the DEAR, state the four key elements used by HCAs to ensure an effective relationship with management and operating (M&O) contractors.

- ANSWER 4.5-E
- (1) Require M&O contractors to maintain written descriptions of their individual purchasing systems and methods and further require that, upon award or extension of the contract, the entire written description be submitted to the contracting officer for review and acceptance.
 - (2) Require that any changes to the M&O contractor's written description having any substantive impact upon the contractor's purchasing and methods be submitted to the contracting officer for review and acceptance prior to issuance.
 - (3) Ensure review of individual purchasing actions of certain types or above stated dollar levels by the contracting officer to assure that M&O contractors implement DOE policies and requirements in accordance with the contractor's accepted system and methods.
 - (4) Ensure that periodic appraisals (e.g. Business Management Review [BMR]) of the contractor's management of all facets of the purchasing function are performed by the contracting officer and others in accordance with established policies.

EXERCISE 4.5-F Using the DEAR, discuss the first step to be taken in the process to ratify an unauthorized commitment.

ANSWER 4.5-F Whenever it is discovered that any person is performing or has performed work as a result of an unauthorized commitment, the contracting officer shall advise that person that the work is unauthorized and performance is at the person's own risk. This could lead to a lack of compensation for work performed in the past or in the future.

EXERCISE 4.5-G Discuss the present and future status of the Performance Measurement Assessment program with local subject-matter experts.

ANSWER 4.5-G The answer to this exercise is time-dependent and site-specific.